

April 10, 1975

SENATOR WARNER: Senator Dickinson, I can go back to the philosophy that was used in 1969. The money comes off the top. The reason for that was to enable the state to get the best possible interest rate on the issuance of bonds. When we pledged, as a state, this kind of revenue, the state receives the best possible rating you can have. As we projected the original bond program, which of course has not been followed, but as we projected the original program, we allowed, we assumed a 5 percent increase in revenue per year. We originally had a issuance of 15 million dollars in bonds per year over a ten year period for a grand total of 150 million. Projected at that time there would have been no decrease in the amount of allocation that was to be returned to the cities and the counties because of the bond program. On the other hand, it would also be true if bonds did not exist. Then there would have been some increase in the allocations to the cities and counties. There is one other thing that has to be considered. This is that the four year study which Senator Burbach was chairman of and I had the privilege later in the study, recommended based upon need a distribution of 60 percent of the money going to the state. Subsequently, we allocated, and this is what the state now receives, 53 1/3 percent of the highway user revenue. The reason that reason we reduced the states percentage in relation to the need as it was projected was because of the states ability to use the bonds. So it's really not true to say that the counties and cities are having a reduced amount, because for the state to receive as their share of the highway user fees, we would have had to have the state receiving 60 percent instead of the 53 1/3. Academically, you could make it an argument as your question suggests but as a factual matter, the way the formula was arrived at, there is not a reduction to what the cities and counties receive. By virtue of bond program, they are receiving what was originally anticipated.

SENATOR DICKINSON: According to that, Senator Warner, then without a bond program, the cities and counties are receiving more then was originally anticipated. Would this be a correct statement?

SENATOR WARNER: It would be correct to say that and the state has received less. At least they have had less funds available for the construction of roads in terms of dollars then was anticipated because of the bond program not being carried out.

SENATOR DICKINSON: But in any case, in the absence of a bond program, counties and municipalities would receive somewhat less then they have been if we would issue bonds and they would be paid off from the top of the 100 percent.

SENATOR WARNER: There would be some reduction to them. Actually that reduction is relatively small because they...we're talking about 46 2/3 percent going....of the total revenue to the state as a reduction too.

SENATOR DICKINSON: Thank you.

PRESIDENT: Senator Schmit, do you wish to close debate by way of reply?

SENATOR SCHMIT: I have no closing, Mr. President.

PRESIDENT: Thank you. The question is, shall LB 401 be advanced? Record your vote. Have you voted? Record.